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General Counsel's Office
World Financial Center
New York, NY 10285

Delivered by Fax and Regular Mail

December 16, 2005

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Docket No. R-1217; Advance Notice of Proposed Rulemaking

Dear Ms. Johnson:

American Express Travel Related Services Company, Inc. is pleased to submit these comments on behalf of itself and its card-issuing affiliates (collectively "American Express"). American Express appreciates the opportunity to submit comments on the implementation of the amendments to the Truth in Lending Act ("TILA") made by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 ("Bankruptcy Act").

Minimum Payment Disclosures

The Bankruptcy Act requires that periodic statements for open-end credit accounts include a disclosure about the effect of making only minimum payments. The Board requests comment on whether certain accounts should be exempt from this requirement. Periodic statements, particularly the front page, currently contain a significant amount of important account information. Any further requirements should be carefully considered to avoid "information overload" on periodic statements.

The minimum payment disclosure will be most useful to the relatively small number of consumers who make minimum payments consistently over time. The vast majority of consumers, who pay more than the minimum or who do not revolve balances, will find this disclosure of little relevance. These consumers would most likely not pay attention to the

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recurring message. Inserting the minimum payment disclosure on the front page of periodic statements sent to these consumers would contribute to "information overload" without providing any additional relevant information.

Consumers who make minimum payments consistently over some period of time are the most appropriate audience for this disclosure. The disclosure is much more likely to be meaningful and relevant to these consumers, and they are more likely to focus on the message. We suggest that the minimum payment disclosure requirement be limited to those accounts that pay only the minimum payment for some reasonable number of consecutive months. Providing the disclosure to this targeted group of consumers is a better balance for providing potentially relevant disclosures while avoiding unnecessary clutter and information overload.

Estimated Repayment Periods Provided by the Board

The Board must develop a table that would illustrate approximate repayment periods for open-end credit accounts. The Bankruptcy Act specifies that a significant number of annual percentage rates, account balances, and minimum payment amounts be incorporated into the table. This table will then become the basis for providing an estimated repayment period to a consumer who calls the required toll-free telephone number. The Board requests comment on the development of this table and the system for providing these estimates.

Numerous assumptions must be incorporated into any estimated repayment period. These include the Bankruptcy Act's mandated assumptions that only minimum payments are made and that no additional extensions of credit are obtained. It is unlikely that an account would align with all of these assumptions, and an account that did happen to closely align with the assumptions would deviate from them upon any further account activity. For these reasons, estimates based upon the table will provide directional and illustrative information, rather than precise forecasts of repayment periods.

The ANPR discusses several incremental requirements, apparently with a view towards lending more "accuracy" to estimates generated using the table. Due to the number of factors and assumptions necessary to generate an estimate, imposing additional technological and systems requirements would not necessarily yield any higher degree of precision or any incremental benefit to consumers. The methodology for estimating repayment periods must strike the appropriate balance between providing directional, illustrative information without requiring the development of complex and expensive systems and processes that provide little or no appreciable increase in precision.

Estimated Repayment Periods Provided by Creditors

The Bankruptcy Act provides creditors with the option to provide the "actual" number of months it would take to pay down an outstanding balance by making only minimum payments. The reference to the "actual" number of months in this context raises a number of points. In order to calculate any repayment period, creditors must make assumptions about certain future events. For example, the date in each billing cycle that payment is made is a necessary factor in the calculation. This adds a degree of imprecision to any result. Given the indefinite nature of "actual" repayment periods for open-end credit accounts, a safe harbor from regulatory or litigation exposure should be provided to issuers who invest effort and expense and exercise appropriate diligence to provide this information to consumers.

Late Payments

Under the Bankruptcy Act, TILA is amended to require creditors offering open-end plans to disclose on periodic statements the earliest date on which a late payment fee may be charged. As stated, periodic statements contain much important and relevant account information. Additional requirements should be designed to ensure that any additional text is helpful and relevant.

The Board requests comment on circumstances where the payment due date is different than the earliest date on which a late fee may be charged. This might occur when a creditor foregoes imposing a late fee if payment is received shortly after the payment deadline. Flexibility for creditors to provide some accommodation for payments made after the payment date should be retained. This approach would coordinate with current Regulation Z sections 226.6 (a) (1) and 226.7 (j), which permit creditors to forego imposing finance charges beyond the disclosed grace period. In addition, certain products impose no late fee until after the next billing statement is sent. In these cases, the late fee disclosure should be required only on that next statement. The Board should provide sufficient flexibility to accommodate these procedures.

The Board should provide adequate flexibility in the formatting and manner in which late fees are disclosed on periodic statements. For some open-end credit accounts, for example, the amount of the late fee depends on the outstanding balance and other factors. We believe that providing a description of the late fee construct and factors, as opposed to a customized calculation of the potential late fee based upon individualized account information, will provide consumers with the relevant information without imposing unnecessary complexity. The final

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rule should provide for flexibility in disclosing the different types of late fee constructs that may apply to open-end credit accounts.

American Express appreciates the opportunity to provide these comments. We would welcome the opportunity to discuss any of the ideas above with you or your staff. Please do not hesitate to call me at 212-640-5418. Thank you.

Sincerely,


Thomas J. Ryan
Group Counsel